

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6318

BILL NUMBER: SB 324

DATE PREPARED: Dec 14, 2000

BILL AMENDED:

SUBJECT: Contract Motor Vehicle Registration and Renewal.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the Bureau of Motor Vehicles(BMV) may contract with a qualified person to provide partial license branch services. It provides that a qualified person who contracts with the Bureau of Motor Vehicles to provide full or partial license branch services must provide these services to the general public. The bill provides that the qualified person may collect a fee of not more than \$20 for each transaction for providing the service. It requires the Bureau of Motor Vehicles to adopt rules to establish procedures for qualified persons to provide these services. The bill provides that a person who contracts with the Bureau of Motor Vehicles to provide partial license branch services who knowingly or intentionally fails to collect and transmit bureau fees and taxes, or deposit them with the county Treasurer, commits a Class D felony. It also makes conforming amendments. (The introduced version of this bill was prepared by the Interim Study Committee on Bureau of Motor Vehicle Issues.)

Effective Date: July 1, 2001; July 1, 2002.

Explanation of State Expenditures: This bill expands on current statute that permits the BMV to contract with qualified persons to provide partial license branch services. Qualified persons may be automobile dealers, brokers, and others as defined in statute. The fiscal impact will depend upon administrative actions.

Over the last four years, the BMV has averaged about 6.2 million transactions per year. This number includes all types of transactions. (NOTE: A complete listing of transactions is available from the Office of Fiscal and Management Analysis.) It is not clear how many of these transactions now would be completed by a qualified contractor, nor is it clear how many contractors might desire to provide partial or full license branch services. Whatever the number of contractors there might be and the number of transactions which might be processed, it will reduce the number of transactions processed and completed by the BMV and the BMVC. (The BMVC operates the state's 167 license branches.) The total long term impact is not known. However, over time, with contractors providing full or partial license branch services, the work force required by the BMV and the BMVC may be less than current levels.

The BMV estimates that contracting and working with providers will require eight new employees, along with \$88,000 in new equipment. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations.

In FY 2000, the BMV reverted approximately \$2.9 M. In addition, the 2001-2003 biennial budget submitted by the BMV has 70 vacancies, with 26 of these positions funded. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: The qualified contractor may collect a fee of up to \$20 for each transaction. This fee is to be retained by the contractor. All fees and taxes due also shall be collected by the contractor and remitted to the BMV.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles.

Local Agencies Affected:

Information Sources: Melanie Schwartz, Deputy Commissioner and Director of Vehicle Services for the BMV, 233-1218; Jane Morrical, Director of Treasury for the BMV, 232-2822.